

Appl. No. 09/259,770

Paper dated June 20, 2003

Reply to Office Action dated March 20, 2003

Amendments to the Claims:

This listing of claims will replace all prior listings of claims in the application.

Listing Of Claims:

Claims 1-89 (cancelled)

Claim 90 (currently amended). A method comprising:

obtaining data comprising rates of return for a plurality of asset classes and at least one rate of inflation;

obtaining for a particular individual a financial portfolio to be evaluated based on an initial investment allocated to at least one of the asset classes, and a desired withdrawal amount having a fixed dollar amount and a fixed percentage amount;

generating in a computer a probabilistic distribution of investment outcomes for the financial portfolio on an incremental basis within a designated time period by determining a plurality of projected portfolio values using the rates of return for the asset classes and the rate of inflation; and

determining, for each of the projected portfolio values, a projected withdrawal amount that corresponds to the desired withdrawal amount by adding together the fixed percentage amount of the projected portfolio value and the fixed dollar amount.

Claim 91 (previously added). The method of claim 90, wherein the distribution of investment outcomes is generated on an annual basis within a 30 year period.

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Claim 92 (previously added). The method of claim 90, further comprising the step of displaying to the individual an illustration of the distribution of investment outcomes for the financial portfolio.

Claim 93 (previously added). The method of claim 92, further comprising the step of selecting an appropriate investment strategy by iteratively varying a variable selected from the group consisting of: the fixed dollar withdrawal amount, the fixed percentage withdrawal amount, a composition of the financial portfolio, and combinations thereof, and reviewing the illustration of the distribution of investment outcomes.

C **Claim 94 (previously added).** The method of claim 92, wherein the illustration is a portfolio chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the portfolio chart containing the projected portfolio values.

Claim 95 (previously added). The method of claim 94, wherein the illustration further comprises a withdrawal chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the withdrawal chart containing the total amount of the fixed dollar withdrawal amount and the fixed percentage withdrawal amount.

Claim 96 (currently amended). The method of claim 90, wherein the asset classes are selected from the group consisting of: U.S. Large Cap stocks, U.S. Mid Cap stocks, U.S. Small Cap stocks, International Large Cap stocks, International Mid Cap stocks, International

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Small Cap stocks, Emerging Markets stocks, Corporate Bonds, Government Bonds, 30-Day U.S. Treasury Bills, and combinations thereof.

Claim 97 (previously added). A computer-readable medium having computer-executable instructions, comprising instructions for:

obtaining data comprising rates of return for a plurality of asset classes and at least one rate of inflation;

obtaining for a particular individual a financial portfolio to be evaluated based on an initial investment allocated to at least one of the asset classes, and a desired withdrawal amount having a fixed dollar amount and a fixed percentage amount;

generating a probabilistic distribution of investment outcomes for the financial portfolio on an incremental basis within a designated time period by determining a plurality of projected portfolio values using the rates of return of the asset classes and the rate of inflation; and

determining, for each of the projected portfolio values, a projected withdrawal amount that corresponds to the desired withdrawal amount by adding together the fixed percentage amount of the projected portfolio value and the fixed dollar amount.

Claim 98 (previously added). The computer-readable medium of claim 97, wherein the distribution of investment outcomes is generated on an annual basis within a 30 year period.

Claim 99 (previously added). The computer-readable medium of claim 97, further comprising instructions for displaying to the individual an illustration of the distribution of investment outcomes for the financial portfolio.

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Claim 100 (previously added). The computer-readable medium of claim 99, further comprising instructions for selecting an appropriate investment strategy by iteratively varying a variable selected from the group consisting of: the fixed dollar withdrawal amount, the fixed percentage withdrawal amount, a composition of the financial portfolio, and combinations thereof, and reviewing the illustration of the distribution of investment outcomes.

C¹ **Claim 101 (previously added).** The computer-readable medium of claim 99, wherein the illustration is a portfolio chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the portfolio chart containing the projected portfolio values.

Claim 102 (previously added). The computer-readable medium of claim 101, wherein the illustration further comprises a withdrawal chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the withdrawal chart containing the total amount of the fixed dollar withdrawal amount and the fixed percentage withdrawal amount.

Claim 103 (currently amended). The computer-readable medium of claim 97, wherein the asset classes are selected from the group consisting of: U.S. Large Cap stocks, U.S. Mid Cap stocks, U.S. Small Cap stocks, International Large Cap stocks, International Mid Cap stocks, International Small Cap stocks, Emerging Markets stocks, Corporate Bonds, Government Bonds, 30-Day U.S. Treasury Bills, and combinations thereof.

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Claim 104 (previously added and amended). An apparatus for facilitating asset allocation and withdrawal strategy, the apparatus comprising:

a storage device;

a processor connected to the storage device;

a program stored in the storage device and configured to control the processor; and

the processor operative with the program to:

obtain data comprising rates of return for a plurality of asset classes and at least one rate of inflation;

select for a particular individual a financial portfolio to be evaluated having an initial investment allocated to at least one of the asset classes, and a desired withdrawal amount having a fixed dollar amount and a fixed percentage amount;

generate a probabilistic distribution of investment outcomes for the financial portfolio on an incremental basis within a designated time period by determining a plurality of projected portfolio values using the rates of return of the asset classes and the rate of inflation; and

determining, for each of the projected portfolio values, a projected withdrawal amount that corresponds to the desired withdrawal amount by adding together the fixed percentage amount of the projected portfolio value and the fixed dollar amount.

Claim 105 (previously added). The apparatus of claim 104, wherein the distribution of investment outcomes is generated on an annual basis within a 30 year period.

Claim 106 (previously added). The apparatus of claim 104, wherein the processor is further operative with the program to display to the individual an illustration of the distribution of investment outcomes for the financial portfolio.

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Claim 107 (previously added). The apparatus of claim 106, wherein the processor is further operative with the program to select an appropriate investment strategy by iteratively varying a variable selected from the group consisting of: the fixed dollar withdrawal amount, the fixed percentage withdrawal amount, a composition of the financial portfolio, and combinations thereof, and to review the illustration of the distribution of investment outcomes.

C1 **Claim 108 (previously added).** The apparatus of claim 106, wherein the illustration is a portfolio chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the portfolio chart containing the projected portfolio values.

Claim 109 (previously added). The apparatus of claim 108, wherein the illustration further comprises a withdrawal chart having an x-axis that ranges from a worst case scenario to a best case scenario, and y-axis that ranges, on the incremental basis, from the beginning to the end of the designated time period and the withdrawal chart containing the total amount of the fixed dollar withdrawal amount and the fixed percentage withdrawal amount.

Claim 110 (currently amended). The apparatus of claim 104, wherein the asset classes are selected from the group consisting of: U.S. Large Cap stocks, U.S. Mid Cap stocks, U.S. Small Cap stocks, International Large Cap stocks, International Mid Cap stocks, International Small Cap stocks, Emerging Markets stocks, Corporate Bonds, Government Bonds, 30-Day U.S. Treasury Bills, and combinations thereof.

Claim 111 (previously added and amended). A computer program comprising:

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first program means for obtaining data comprising rates of return for a plurality of asset classes and at least one rate of inflation;

second program means for obtaining for a particular individual a financial portfolio to be evaluated based on an initial investment allocated to at least one of the asset classes, and a desired withdrawal amount having a fixed dollar amount and a fixed percentage amount; and

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third program means for generating a probabilistic distribution of investment outcomes for the financial portfolio on an incremental basis within a designated time period by determining a plurality of projected portfolio values using the rates of return of the asset classes and the rate of inflation, and determining, for each of the projected portfolio values, a projected withdrawal amount that corresponds to the desired withdrawal amount by adding together the fixed percentage amount of the projected portfolio value and the fixed dollar amount.

Claims 112-119 (cancelled)

Claim 120 (currently amended). A method comprising:

obtaining data comprising historical rates of return for a plurality of asset classes for a plurality of historical periods and data comprising at least one rate of inflation;

obtaining for a particular individual a financial portfolio to be evaluated based on an initial investment allocated to at least one of the asset classes, and a desired withdrawal amount comprising a fixed dollar amount and a fixed percentage of the projected portfolio value;

generating in a computer a probabilistic distribution of investment outcomes for the financial portfolio on an incremental basis within a designated time period by determining a plurality of projected portfolio values using the historical rates of return of the asset classes and the rate of inflation; and

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determining, for each of the projected portfolio values, a projected withdrawal amount that corresponds to the desired withdrawal amount by adding together the fixed percentage amount of the projected portfolio value and the fixed dollar amount and adjusting for the rate of inflation.

Claim 121 (cancelled)

Claim 122 (new). The method of claim 90, wherein the step of obtaining data comprising at least one rate of inflation comprises obtaining data comprising historical rates of inflation for a plurality of historical periods.

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Claim 123 (new). The method of claim 90, wherein the step of obtaining data comprising rates of return and at least one rate of inflation comprises obtaining historical data for a plurality of historical periods, the data comprising historical rates of return for a plurality of asset classes and historical rates of inflation.

Claim 124 (new). The method of claim 96, wherein the initial investment is allocated among (1) 0% - 100% U.S. large-cap stocks; (2) 0% - 15% U.S. mid-cap stocks, (3) 0% - 100% U.S. small-cap stocks, (4) 0% - 100% international large-cap stocks, (5) 0% - 20% international mid-cap stocks, (6) 0% - 10% international small-cap stocks, (7) 0% - 10% emerging markets stocks, (8) 0% - 100% U.S. long-term corporate bonds, (9) 0% - 100% U.S. government bonds, (10) 0% - 10% inflation index bonds and (11) 0% - 100% U.S. 30-day treasury bills.

Claim 125 (new). The method of claim 124, wherein the initial investment is allocated among (1) 20% - 100% U.S. large-cap stocks; (2) 0% - 15% U.S. mid-cap stocks, (3) 0% - 40% U.S. small-cap stocks, (4) 0% - 35% international large-cap stocks, (5) 0% - 20% international mid-cap stocks, (6) 0% - 10% international small-cap stocks, (7) 0% - 15%

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emerging markets stocks, (8) 0% - 60% U.S. long-term corporate bonds, and (9) 0% - 10% U.S. 30-day treasury bills.

Claim 126 (new). The method of claim 125, wherein 10% or less of the initial investment is allocated among (1) U.S. mid-cap stocks, (2) U.S. small-cap stocks, (3) international mid-cap stocks, (4) international small-cap stocks, and (5) emerging markets stocks.

Claim 127 (new). The method of claim 125, wherein between 15% and 25% of the initial investment is allocated among (1) international large-cap stocks, (2) international mid-cap stocks, (3) international small-cap stocks and (4) emerging markets stocks

c2 **Claim 128 (new).** The method of claim 124, wherein, if the particular individual is a retiree, at least 60% of the initial investment is allocated among U.S. large-cap stocks, U.S. mid-cap stocks, U.S. small-cap stocks, international large-cap stocks, international mid-cap stocks, international small-cap stocks, and emerging markets stocks.

Claim 129 (new). The method of claim 124, wherein about 10% of the initial investment is allocated among cash, cash equivalents or U.S. 30-day treasury bills.

Claim 130 (new). The method of claim 90, wherein obtaining the desired withdrawal amount comprises:

identifying total income from social security, pensions and other fixed income sources;
determining the individual's "needs" by identifying expenses that must be met and other fixed obligations;

determining the individual's "wants" by identifying expenses that are discretionary;
calculating the fixed dollar amount by expressing the "needs" as a percent of the initial investment; and

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calculating the fixed percentage amount by expressing the "wants" as a percent of the initial investment or the projected portfolio value.

Claim 131 (new). The method of claim 130, wherein the desired withdrawal amount is selected from the group consisting of: (1) 6% fixed dollar amount and 0% fixed percentage amount, (2) 5% fixed dollar amount and 2% fixed percentage amount, (3) 4% fixed dollar amount and 4% fixed percentage amount, (4) 3% fixed dollar amount and 6% fixed percentage amount, and (5) 2% fixed dollar amount and 8% fixed percentage amount.

Claim 132 (new). The method of claim 130, wherein obtaining the financial portfolio to be evaluated comprises:

defining an income target equal to at least half of the needs; and

allocating the initial investment among the asset classes so that dividend and interest provide the income target.

Claim 133 (new). The method of claim 132, wherein, based on the fixed dollar amount and the income target, the initial investment is allocated among equity assets, fixed income assets and cash as shown in the table below:

<u>Fixed Dollar Amount</u>	<u>Income Target</u>	PORTFOLIO ALLOCATION		
		<u>Equity</u>	<u>Fixed Income</u>	<u>Cash</u>
6%	3.0%	60%	30%	10%
5%	2.5%	65%	25%	10%
4%	2.0%	70%	20%	10%
3%	1.5%	75%	15%	10%
2%	1.0%	80%	10%	10%

Claim 134 (new). The method of claim 90, wherein the fixed dollar amount ranges from 0 to 10% and the fixed percentage amount ranges from 0 to 12%.

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Claim 135 (new). A method of selecting a withdrawal strategy and asset allocation that best balances a desire for income with a risk of running out of money for a specific client given their individual financial situation and financial obligations, the method comprising:

receiving (1) a client's name, (2) a client's total initial investable assets, and (3) a withdrawal amount having a fixed dollar withdrawal amount and a fixed percentage withdrawal amount;

determining a recommended asset allocation of the initial investable assets; and
generating in a computer a probabilistic distribution of investment outcomes for the recommended asset allocation and the withdrawal amount on an annual basis for 30 years, from the worst 10% of the time, to the best 10% of the time.

Claim 136 (new). The method of claim 135, further comprising allowing the client to make an informed selection of the asset allocation most suitable for themselves by iteratively (1) varying a variable selected from the group consisting of the fixed dollar withdrawal amount, the fixed percentage withdrawal amount and the asset allocation, (2) generating in the computer the probabilistic distribution of investment outcomes and (3) displaying to the client the probabilistic distribution of investment outcomes.